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Hispanic BUSINESS

CHANGING TIMES

Who's Hiring, Who's Not.

National Automotive Purchasing Survey

Hispanic BUSINESS

February 1992 Volume 14, Number 2

14

Richard Lujan, a member of the USHCC board, wants to refine the way decisions are made.

42

Diversity recruiter Ernesto Fresquez is president of Fresquez & Associates in California.

BPA CONSUMER MAGAZINES

Cover Story

42

Finding Solid Ground in a Shaky Job Market In an employer's market, Hispanic job candidates adopt a niche strategy.

Employment

32

The High Costs of Job Bias A pressing need to reflect demographic changes in Los Angeles County hiring and promotions.

Benefits

22

Common Sense Compensation Employers redesign benefits.

Careers

28

Certified Successful...Public Accountants CPAs in demand.

Business

14

Tea Party Brewing at USHCC? USHCC suffers growing pains.

Contracts

18

Linking Up With HispanLink Helping corporations find vendors.

New Cars

56

Business Makes Room for the Big Cars We road test America's big executive luxury cars for 1992.

Survey

48

GM and Ford Dominate Fleets Biggest ever business fleet survey.

Departments

Direct Line
6
Publisher's page.

Readers Write
8
Readers respond.

Second Opinion
10
Antonia Hernandez.

About People
62
Daniel M. Holtz.

Business Notes
64
La Raza conference.

Career Track
66
Minorities in medicine.

Media/Marketing
67
Sosa narrows focus.

World Trade
70
Fastsigns expands.

Cover

Photos courtesy of Career Communications Group Inc. in Baltimore. This month's cover design by Buffalo Brothers Studios West.

DIRECTline

As we go to press, the country's long buildup of economic woes is at last beginning to have an impact on the policy makers in Washington. Fed Chairman Alan Greenspan has said in sobering remarks before Chairman Dan Rostenkowski's Ways and Means Committee that this economic climate is the "worst ever" in his lifetime, and the White House is saying that our domestic agenda must receive at least equal priority with foreign affairs.

The Fed has already brought its discount rate down to the lowest point since 1964—a certain shot in the arm for both businesses and consumers now planning their spending priorities. Ultimately, however, it is the vibrancy of consumer spending that drives the economy today. And the state of the nation's employment markets determines trends in consumer spending. Right now, overall job formation seems to be at a standstill. Small business, the engine of job formation during the '80s, is fighting to hold the line. This month's investigation of trends in compensation highlights an increasing emphasis on benefit cost control and performance-based pay, for example.

"As always, there are some positives to be found in dislocation."

Meanwhile, big business downsizing has apparently not yet run its course. As our cover story indicates, the nation's job markets are going through more than a recession: they're involved in a reformation of global business markets requiring major changes in almost every aspect of the business system.

But as always there are some positives to be found in dislocation. One is that Hispanic professionals—particularly those who are bilingual—are finding unprecedented opportunities in international business with both foreign and U.S.-based companies. The emphasis, of course, is on the prospect of increasingly brisk trade with Mexico and Latin America.

And as the nation's work force and consumer markets diversify, the need for minority group managers able to deal with diversity grows.

Also, all those newly "streamlined" corporations will be depending more on subcontractors, a natural opportunity for America's fast growing Hispanic business population. This issue celebrates the launch of **HispanLink,** a database service that Hispanic Business Inc. now offers to corporations and minority companies wanting to develop their purchasing vendor networks.

Another result of a fast expanding Hispanic business sector is a big demand for Hispanic professionals to serve it. Hence the article by Sarah Acosta on opportunities in the accounting profession.

Then there's the matter of economic clout. Our biggest ever national survey of Hispanic business fleet expenditures—tabulated by Decision Sciences Research Associates in Pasadena—depicts a $7 billion market to be wooed by an increasingly hungry automotive industry. Responses from a questionnaire sent to 20,000 subscribers whose companies purchase trucks, vans, cars, tires, and repair services show that U.S. makers are far in the lead. But as the article explains, they (or their foreign competitors) might well do better with the right marketing stuff.

Finally, the report by Rick Mendosa on biased hiring practices in a heavily Hispanic Los Angeles County demonstrates why we must apply this growing consumer clout more forcefully as a political tool.

Look for more on that one as this critical election year progresses.

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SURVEY

GM and Ford Dominate Fleets

Biggest ever business fleet survey tells what's selling—and why.

General Motors and Ford are overwhelming favorites among the Hispanic entrepreneurs and professionals we polled. But, the respondents say, that isn't because the vehicles are "Made in America." It's a perception of value, not patriotism, that keeps most of the Hispanic business sector buying American.

These findings come out of an automotive fleet buying survey that was sent to 20,000 **Hispanic Business** subscribers across the nation.

Decision Sciences Research Associates in Pasadena, California, tabulated the returns for us. The firm's president, Dr. Charles Hubay Jr., reports that 70.8 percent of the survey respondents are company presidents, business owners or directors, or self employed professionals—mostly doctors and lawyers. Of the rest, 9 percent are vice presidents, 10.5 percent are general managers or senior managers, and the remaining 9.7 percent work in key sales or technical positions.

Previous **Hispanic Business** automotive buying surveys have focused only on the country's biggest Hispanic owned businesses—the **Hispanic Business** 500. That group spent about $14.8 million on their fleets in 1990.

This year's survey focuses on the multitude of smaller Hispanic owned enterprises that make up the bulk of the U.S. Hispanic fleet-buying market. Half of the respondents report that their firms have fewer than six employees. They own or lease an average of 4.8 vehicles per company: 3.2 passenger cars, 1.3 trucks, .33 vans. Only about 12.8 percent of those surveyed report that their companies use 10 or more vehicles.

But collectively they are big.

Based on what these respondents are spending, the country's 500,000-some Hispanic owned businesses currently spend more than $7 billion each year on automotive products.

Among the American nameplates, Fords account for 21.6 percent of the surveyed companies' fleets. Chevrolet (GM) is second with 16.3 percent. Buick (GM, passenger cars only) ranks third with 10 percent. Chrysler follows with 5.9 percent.

By manufacturer, however, General Motors outranks everybody. The six major General Motors lines—Cadillac, Buick, Oldsmobile, Pontiac, Chevrolet, and GMC Trucks—account for just over 40 percent of the small business market. Ford Motor Company's Ford,

They Counted the Cars

The 1992 **Hispanic Business** automotive purchasing survey went out to a selected group of 20,000 **Hispanic Business** subscribers. These people—business owners, executives, and self employed professionals—were chosen because their companies purchase automotive products.

And since the survey was so big, we asked a well respected outside research firm to design the questions and tabulate responses. That firm is Decision Sciences Research Associates, a "decision-support consulting" specialist that is headquartered in Pasadena, California and maintains branch offices in Philadelphia, Sacramento, Colorado Springs, and Boca Raton, Florida.

Headed by Dr. Charles Hubay Jr., Decision Sciences specializes in customer satisfaction analysis. Such analysis often involves market research and development of statistical models to describe the components of customer satisfaction for selected products/markets. The implications of these analyses are written up in easy-to-interpret reports.

The company assists clients in a spectrum of industries, including automotive products, utilities, health care, insurance, and retail sales.

The Decision Sciences team that analyzed the 1992 automobile survey results includes the company's President, Charles Hubay Jr. (left), Survey Processing Supervisor Lorena Arias, and Production Programmer Dwight Greene.

Lincoln, and Mercury account for just under 25 percent.

Among foreign makes, Toyota leads with 6.4 percent, followed by Honda (passenger cars only) with 4.7 percent, Nissan with 4 percent, and Mazda with 2.2 percent of the vehicles identified.

What are the most important factors in the Hispanic business sector's vehicle buying decision? Reliability and quality of workmanship. Next come affordability and maintenance costs. Other factors like fuel economy, handling, and roominess are of less concern. Resale value ranks in the lower third of concerns, along with "Made in America" status, styling, and prestige.

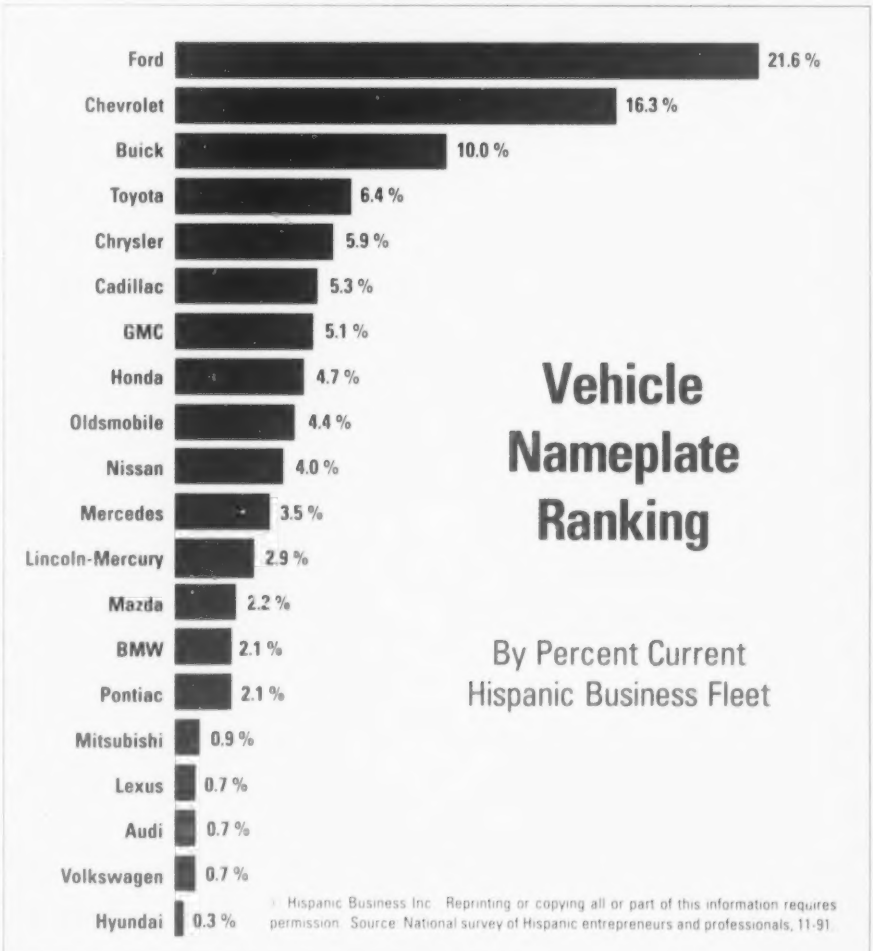
In short, Hispanic business buyers look for sound investments that provide good returns for their dollars, instead of following more variable consumer trends.

In terms of vehicle usage, 66 percent of the respondents' vehicles are used for sales, 40 percent for deliveries, 30 percent as management perks, and 21 percent for hauling. Obviously, many of the vehicles serve multiple purposes, and few are simply the personal cars of business owners. Rather, they are a very carefully considered business investment.

Fully 45 percent of the respondents' total van fleet is leased, along with 40 percent of all passenger cars, and 18 percent of all trucks. Like the larger HISPANIC BUSINESS 500 companies, these smaller businesses tend to get much of their fleet financing through ongoing relationships with banks (for 65 percent of their automotive purchases), but will also take advantage of low-interest dealer loans where available (for 35 percent of purchases).

Just over 39 percent of respondents say their company has plans to increase its fleet in the next two years. And their projections of automotive purchases show that on average they'll buy or lease just over two new vehicles per business during 1992. They'll be replacing their old ones at

It takes a lot of Ford trucks to deliver all the Miller Beer Miami wants. Gato Distributors, headed by Juan Galan Jr. (left) and partner Al Cueto, is 48 on the HISPANIC BUSINESS 500.


Ford 21.6 %
Chevrolet 16.3 %
Buick 10.0 %
Toyota 6.4 %
Chrysler 5.9 %
Cadillac 5.3 %
GMC 5.1 %
Honda 4.7 %
Oldsmobile 4.4 %
Nissan 4.0 %
Mercedes 3.5 %
Lincoln-Mercury 2.9 %
Mazda 2.2 %
BMW 2.1 %
Pontiac 2.1 %
Mitsubishi 0.9 %
Lexus 0.7 %
Audi 0.7 %
Volkswagen 0.7 %
Hyundai 0.3 %
Vehicle Nameplate Ranking
By Percent Current Hispanic Business Fleet
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the 79,000 mile mark, on average.

And what will they be buying in '92? Domestic vehicles are the clear favorites for both purchases and leasing: they'll make up 69.5 percent of planned acquisitions. Asian imports will capture 23.1 percent, and European imports 7.4 percent of new fleet investments.

As for size, 40.9 percent plan to get full size autos and 28.1 percent plan to get compacts. But fewer respondents plan to buy or lease utility vehicles this year—5.7 percent intend to get minivans, and 7.0 percent full size vans. Likewise, 9.7 percent of the respondents say that they will buy or lease light trucks, and 8.5 percent medium or heavy duty trucks.

We also asked respondents to specify the number of vehicles they anticipate buying in different price categories. The largest share of new vehicles—56.5 percent—will cost between $12,000 and $20,000. Another 18.1 percent of purchases will come in at between $20,000 and $30,000, 8.1 percent will carry stickers between $30,000 and $40,000, and 4.5 percent will cost more than $40,000. Only 12.7 percent plan to buy vehicles that are priced under $12,000.

When asked for a forced weighting of four other factors in the purchase decision, the average respondent says luxury and economy are about equally important—at 35.9 percent and 34 percent of the decision, respectively. Cargo room is 20 percent of the choice, and sportiness just 10.1 percent.

Most of the new cars and trucks will include accessories—55.4 percent will have radio/cassette players; an additional 25.8 percent will get stereo/cassette upgrades. And 53.8 percent intend to purchase extended warranties. Almost half of the respondents—46.5 percent—mentioned anti-theft devices, followed by rust protection at 37.8 percent and paint protection at 26.9 percent.

On average, the companies covered by the survey plan to buy nine tires this year. Of these the most often named brand is Michelin, at 39.3 percent, fol-

Importance of Purchase Decision Factors

Factor	Rank
Reliability	1
Quality of workmanship	2
Affordability	3
Maintenance cost	4
Safety	5
Fuel economy	6
Handling	7
Roominess	8
Resale value	9
Made in U.S.A.	10
Styling	11
Prestige	12

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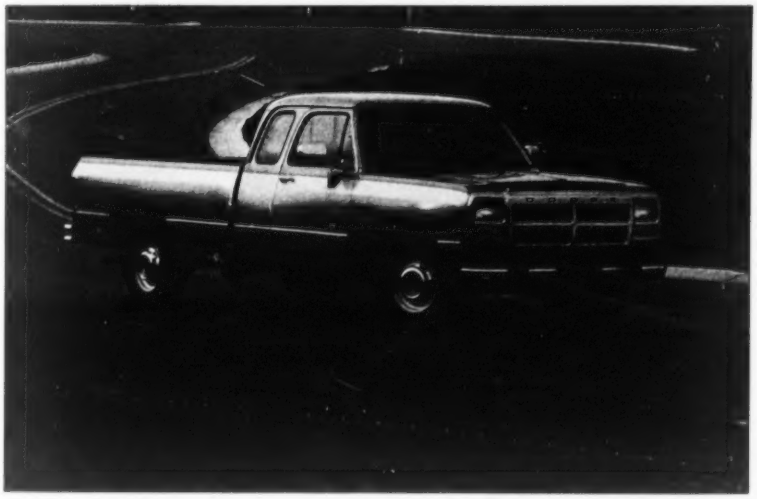
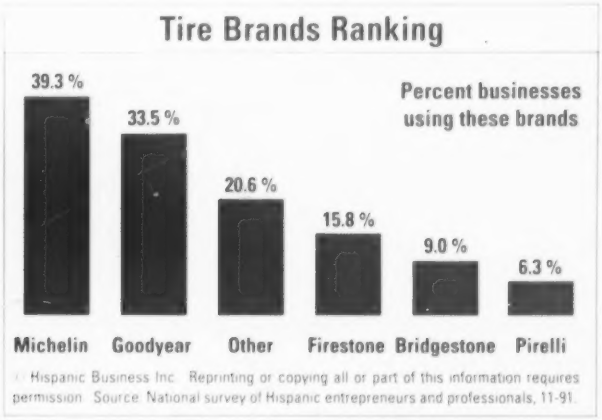
Source: National survey of Hispanic entrepreneurs and professionals, 11-91.

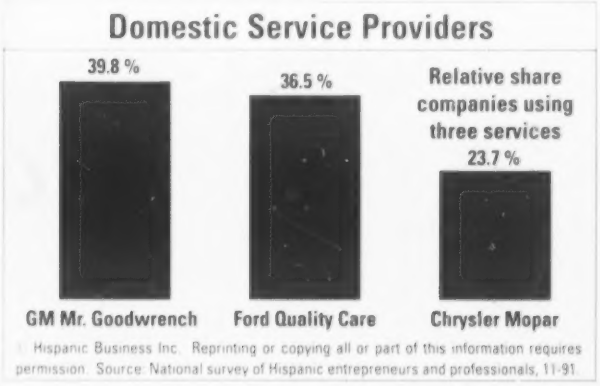


Chrysler products including power haulers like this big cab 1992 Dodge LE 4X2 help keep American makes in the lead among half a million Hispanic-owned enterprises.

The six General Motors lines, including Pontiacs like this 1992 Grand Am GT Sedan, make up the biggest share of automotive purchases by the nation's Hispanic owned businesses.

Irma Elder poses with part of her business fleet. She deals in Ford and Chrysler products through her Signature Ford, Lincoln, Mercury, Jeep, Eagle outlet in Owosso, Michigan and her Troy Ford outlet and Troy Leasing business in Troy, Michigan.




Domestic Service Providers
39.8 %
36.5 %
Relative share companies using three services
23.7 %
GM Mr. Goodwrench
Ford Quality Care
Chrysler Mopar
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lowed by Goodyear at 33.5 percent, Firestone at 15.8 percent, Bridgestone at 9 percent, and Pirelli at 6.3 percent.

Survey respondents also told us about the service providers they use for vehicle maintenance and parts. For this question we specified the service trade names "Mr. Goodwrench," "Quality Care," and "Mopar" without identifying the manufacturers associated with each name. The respondents clearly recognize the services/makers, and generally buy service from the companies that manufactured their U.S.-made vehicles.

GM's "Mr. Goodwrench" leads with nearly 40 percent of the survey group who responded to this question, followed by Ford's "Quality Care" at 36 percent and Chrysler's "Mopar" at 23.7 percent. The quick recognition of these broadly advertised maintenance services indicates that foreign manufacturers might be able to profit from providing brand name advertising for their service activities.

When asked about the sources of information they consult when shopping for new business vehicles, many people—61.1 percent—say they go by their own previous ownership experience. Other sources mentioned are auto publications (25.8 percent), personal referrals (21.8 percent), Hispanic publications (13.5 percent), business magazines (10.5), newspapers (9.2), and TV (5.5).

Finally, our survey asked what improvements these entrepreneurs and professionals would like to see in the products of domestic and foreign auto manufacturers. Their answers tend to indicate that the choice between domestic and foreign is often one of price versus quality—the two key components of value.

From the U.S. makers, 51.5 percent of the respondents would like to see an improvement in quality/reliability/durability. Price is also mentioned by 11.2 percent. For foreign makers, by comparison, more affordable price comes first (27.7 percent), with improved maintenance costs second at 11.5 percent.

All of which raises a question. If these small Hispanic enterprises tend to base their purchase decisions more on past ownership experience than on current media assessments, does this mean the American makers aren't capitalizing fully on recent quality and service improvements? The survey shows that Hispanic companies tend to buy American, but could this trend be stronger?

% Planned Purchases 1992

SIZE:	
Full size auto	40.9 %
Compact auto	28.1 %
Mini van	5.7 %
Full size van	7.0 %
Light truck	9.7 %
Medium heavy truck	8.5 %
COUNTRY OF ORIGIN:	
USA	69.5 %
Asia	23.1 %
Europe	7.4 %

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